



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 819 (as introduced 11-4-03)
Sponsor: Senator Laura M. Toy
Committee: Banking and Financial Institutions

Date Completed: 2-18-04

CONTENT

The bill would add Chapter 21a ("Insurer Interests in Repair Facilities") to the Insurance Code to prohibit an automobile insurer and its affiliates from owning or acquiring an ownership interest in a repair facility, except as provided in the bill.

An insurer that had an ownership interest in a repair facility on the bill's effective date would have to divest itself of that interest within two years after the effective date. During the period before divestiture, the insurer would have to do all of the following:

- Post a notice in at least an 18-point font at the customer entrance of each repair facility in which the insurer had an ownership interest, revealing the insurer's ownership interest and informing customers that they were entitled to seek repairs at the repair facility of their choice.
- Notify an insured, in writing, at the time a policy was delivered, issued for delivery, or renewed, of the insurer's ownership interest and that the insured was entitled to seek repairs at the repair facility of his or her choice.
- Notify an insured verbally, at the time a claim was filed, of the insured's ownership interest and that the insured was entitled to seek repairs at a repair facility of his or her choice.

If a person, including a repair facility, were aggrieved by an insurer's violation of Chapter 21a, the person could bring an action for injunctive or other appropriate relief to compel the insurer to comply with the chapter. A prevailing plaintiff would be entitled to recover reasonable attorney fees and court costs.

Under the bill, "repair facility" would mean a "motor vehicle repair facility" as that term is defined in the Motor Vehicle Service and Repair Act (MCL 257.1302), i.e., a place of business that performs or employs people who perform maintenance, diagnosis, vehicle body work, or repair service on a motor vehicle for compensation, except for the following:

- A person who engages only in the business of repairing the motor vehicles of a single commercial or industrial establishment or governmental agency.
- A person repairing his or her own or a family member's car.
- A business that does not diagnose the operation of a motor vehicle, does not remove parts from a motor vehicle to be remachined, and does not install finished machined or remachined parts on a motor vehicle, not including a motor vehicle repair facility that engages in the business of performing or employing people who perform vehicle body work.

Proposed MCL 500.2151-500.2157

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Maria Tyszkiewicz